

The Evolution of the Canadian CFO: From Number Crunchers to Strategic Players

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Not long ago, chief financial officers were viewed simply as number crunchers who were assigned to analyse a transaction after the handshake between the CEOs. These days, corporate leaders know better than to engage in deals without the benefit of their CFO's insight—illustrating the fact that the role of the CFO has evolved.

Traditional CFO role is changing

Traditionally, the CFO's role has been to make their organization competitive and efficient, with a focus on strong balance sheets and healthy income statements. CFOs focus on shareholder value, ensuring their companies are engaged in growth that is both profitable and sustainable.

In today's complex business environment, however, CFOs are reaching outside their traditional finance function to include the whole organization—everything from operations to sales and marketing, and communications. In public companies, the CFO is also becoming ever more critical to the confidence the corporate director has in the governance system of the company and in its underlying operations.

CFOs need broader skill sets

So while CFOs have typically climbed the corporate ladder on the strength of their technical skills, it is widely acknowledged that the CFO role has grown from that of a mere “numbers” person. This means that CFOs must broaden their skill sets if they want to make a natural progression from technical expert to client-facing executive leader.

The role of the CFO encompasses:

- Vision and leadership;
- Corporate reporting and performance;
- Social responsibility;
- Information technology;
- Innovation; and
- Managing business complexity.

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This topic was explored in a recent research study by the [Canadian Financial Executives Research Foundation](#) (CFERF). The 2011 study, *Beyond the Numbers: The Evolving Leadership Role of the CFO*, confirmed that CFOs and other senior financial executives need to take steps to be able to fully meet these new and evolving demands.

Among the key findings, the research study found that CFOs:

- Interpret and summarize large amounts of data, highlight key insights, anticipate trends, and explain their implications. They must be able to simplify and communicate complex issues for a wide cross-section of audiences, including investors, board members, executives, and employees;
- Need to find a balance between the roles of critic and advocate to help the management team objectively evaluate growth initiatives and manage risk and opportunities;
- Need to develop a strong understanding of an organization's operations, markets, and customers, and understand how the company makes money. To do so, they must develop strong relationship-building skills. They must also maintain a high level of integrity in order to earn and retain the trust of peers, colleagues, CEOs, and boards;
- Need to improve their knowledge in risk management and corporate governance while continuing to support executive decision-making;
- Need to have a better understanding of global markets and of the financial implications of doing business across borders; and
- Need to grow specialized, highly skilled teams, and enhance their leadership skills to increase team effectiveness. They must also learn how to establish clear organization and team goals, establish a vision, and help their team members appreciate an enterprise-wide perspective. Creating strong teams with upgraded talent will allow CFOs to delegate the more technical aspects of their responsibilities so they can focus on strategy.

The importance of professional development

The skills and experience required to perform effectively as a CFO are significantly more extensive than they once were. Accordingly, CFOs need to be on the lookout for thought-provoking research, targeted professional development, and networking opportunities.

The ICABC's PD program provides many courses to help develop these skills. In addition, programs and networking opportunities offered by FEI Canada connect CFOs with other CFOs. Networking with peers and sharing knowledge can help you solve challenging issues and advance in your career.



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